

Message Text

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TO AMEMBASSY BUCHAREST PRIORITY

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TAGS: ETRN, RO

SUBJ: CIVIL AVIATION: RECIPROCITY EXEMPTION FROM CUSTOMS
DUTIES AND TAXES ON AIRCRAFT SUPPLIES

SHELL OIL CO. AND WASHINGTON ATTORNEY FOR TAROM HAVE IN-
QUIRED AS TO THE POSSIBILITY OF OBTAINING EXEMPTION FROM
PAYMENT OF U.S. CUSTOMS DUTIES AND INTERNAL REVENUE TAXES
ON SUPPLIES, PARTICULARLY AVIATION FUEL, THAT TAROM WILL
USE IN ITS CURRENT CHARTER OPERATIONS AND FUTURE SCHEDULED
SERVICE TO THE U.S. UNITED STATES LAW PERMITS SUCH EX-
EMPTION ON CONDITION OF RECIPROCITY.

SPECIFICALLY, SECTIONS 309 AND 317 OF THE TARIFF ACT OF
1930, AS AMENDED, PROVIDE FOR THE EXEMPTION OF AIRCRAFT
OF FOREIGN REGISTRY FROM PAYMENT OF CUSTOMS DUTIES, AND
OF INTERNAL REVENUE TAXES IMPOSED BY REASON OF IMPORTATION,
ON SUPPLIES IMPORTED FOR USE BY SUCH AIRCRAFT IN THEIR OP-
ERATIONS TO AND FROM THE UNITED STATES. SECTION 309(D)
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OF THE ACT, HOWEVER, MAKES EXEMPTION CONTINGENT ON A FIND-

ING BY THE SECRETARY OF COMMERCE THAT THE COUNTRY OF
REGISTRY OF SUCH AIRCRAFT ALLOWS "SUBSTANTIALLY RECIP-
ROCAL PRIVILEGES" TO AIRCRAFT OF UNITED STATES REGISTRY.
THE TERM "SUPPLIES" AS USED IN SECTION 309 OF THE ACT
COVERS A WIDE RANGE OF ARTICLES USED BY AIRCRAFT IN IN-
TERNATIONAL OPERATIONS. THE PRINCIPAL CATEGORIES OF SUP-
PLIES ARE FUELS AND LUBRICANTS, CONSUMABLE SUPPLIES (IN-
CLUDING COMMISSARY STORES), SPARE PARTS, AND GROUND EQUIP-
MENT.

SECTION 4221 OF THE INTERNAL REVENUE CODE CONTAINS A PRO-
VISION, SIMILAR IN ALL MATERIAL RESPECTS TO SECTION 309
OF THE TARIFF ACT, WHICH EXEMPTS FOREIGN AIRCRAFT FROM
PAYMENT OF INTERNAL REVENUE TAXES ON AIRCRAFT SUPPLIES,
EXCEPT GROUND EQUIPMENT, PROCURED IN THE UNITED STATES
DOMESTIC MARKET FOR USE IN THEIR OPERATIONS TO AND FROM
THE UNITED STATES. SIMILARLY, THIS EXEMPTION IS CONTINGENT
ON A FINDING BY THE SECRETARY OF COMMERCE THAT THE FOREIGN
COUNTRY IN QUESTION GRANTS SUBSTANTIALLY RECIPROCAL PRIVI-
LEGES TO UNITED STATES AIRCRAFT.

IN ORDER TO AFFORD A BASIS FOR APPROPRIATE FINDINGS WITH
RESPECT TO ROMANIA, THE EMBASSY IS REQUESTED TO ASCERTAIN
THE CUSTOMS AND TAX TREATMENT ACCORDED BY THE GOVERNMENT
OF ROMANIA TO AIRCRAFT SUPPLIES IMPORTED OR PROCURED
IN THE LOCAL MARKET BY UNITED STATES AIRLINES SERVING
ROMANIA. IF READILY AVAILABLE, IT WOULD BE DESIRABLE
TO HAVE CITATION TO THE STATUTES, REGULATIONS OR AD-
MINISTRATIVE RULINGS WHICH CONSTITUTE THE LEGAL BASIS
FOR THE GRANT OF EXEMPTIONS FROM CUSTOMS DUTIES AND TAXES
IN THAT COUNTRY.

EMBASSY IS REQUESTED TO EXPEDITE ITS RESPONSE WITH RESPECT
TO AVIATION FUELS IN ORDER THAT COMMERCE AND IRS CAN TAKE
THE NEEDED ACTION TO ALLOW TAROM ACCESS TO BONDED AVIATION
FUEL. TAROM IS PARTICULARLY INTERESTED FROM A SAFETY
STANDPOINT IN OBTAINING BONDED JET A-1 FUEL AS SOON AS
POSSIBLE SINCE ITS FREEZING POINT IS LOWER THAN NON-
BONDED DOMESTIC JET A FUEL PRESENTLY BEING SUPPLIED BY
SHELL. BROWN
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